

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF CALLAHAN §

That this Declaration, made on the date hereinafter set forth by Derrick Long and Gerry McDowell, hereinafter referred to as "Declarant", being the owner and developer of all that certain tract or parcel of land lying and being situated in Callahan County, Texas, and described as follows:

See Exhibit "A" attached hereto, made a part hereof, reference to which is hereby made.

WITNESSETH:

WHEREAS, it is the desire of the Declarant to place certain restrictions, covenants, conditions, stipulations and reservations upon and against such property in order to establish a uniform plan for development, improvement and sale of such property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of said property.

NOW, THEREFORE, Declarant hereby adopts, establishes and imposes upon the hereinabove described land, and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the land, which reservations, easements, covenants, restrictions and conditions shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the land and shall be binding upon all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I

Definitions

Section 1. "Area of Common Responsibility" shall mean and refer to:

- (a) the Common Area;

(b) those areas, if any, which by contract, with any residential or condominium association, with any commercial establishment or association, or with any apartment building owner or cooperative become the responsibility of the Association;

(c) any manager's office located on the Properties;

Section 2. "Association" shall mean and refer to Callahan-Shady Oaks Homeowners Association, Inc., a Texas non-profit corporation.

Section 3. The "Board of Directors" or "Board" shall be the elected body of the Association having its normal meaning under Texas corporate law.

Section 4. "Common Area" shall mean all real and personal property now or hereafter utilized by the Association for the common use and enjoyment of the Owners, including by way of example, all public or private streets and roadways, street lights, clubhouses, pools, athletic field, green belt areas, waterways, landscape reserves, and drainage detention areas, as specifically shown on the plat of any of the Properties established for the purpose of providing open space for aesthetic and recreational uses, whether or not owned by the Association.

Section 5. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation.

Section 6. "Declarant" shall mean Derrick Long and Gerry McDowell.

Section 7. "General Assessment" shall mean the assessment created for the purpose of paying the expenses of the Association as a whole.

Section 8. "Improvement" or "Improvements" shall mean all structures or other improvements to any portion of the Properties of any kind whatsoever, whether above or below grade, including, but not limited to, structures, buildings, utility installations, storage, loading and parking facilities, walkways, driveways, mailboxes, landscaping, signs, site lighting, site grading and earth movement and any exterior additions, changes or alterations thereto.

Section 9. "Lot" shall mean and refer to any plot of land shown in any recorded plat of any portion of the Properties, and Improvements situated thereon, if any, except for Common Areas and the Drainage Detention Area.

Section 10. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided herein.

Section 11. "Neighborhood Assessments" Neighborhood Assessments for expenses provided for herein or by any supplemental amendment shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners of the lots against which the specific Neighborhood Assessment is levied and of maintaining the property within a given Neighborhood. Such Neighborhood Assessment may be included in any supplemental amendment creating the Neighborhood, and thereafter any such Neighborhood Assessment, any increase thereof or termination thereof shall require the majority vote.

Section 12. "Occupant" shall mean any person legally entitled to occupy and use all or a portion of the Properties.

Section 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any part of the Properties, but notwithstanding any applicable theory of mortgage, not a mortgagee unless and until such mortgagee has acquired title to the fee or leasehold estate in a grant pursuant to foreclosure or a deed or any proceeding in lieu of foreclosure.

Section 14. "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

Section 15. "Property" or "Properties" shall mean and refer to the real property described in Exhibit "A", attached hereto, and shall further refer to such additional property as may hereafter be annexed by amendment to this Declaration or which is owned in fee simple by the Association.

Section 16. "Special Assessment" shall mean an additional assessment created for any purpose of the Association as a whole.

ARTICLE II

Membership and Voting Rights

Section 1. Membership. Every person or entity who is the record Owner of a fee or undivided fee interest in any lot that is subject to this Declaration shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. In the event of

multiple Owners, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a member, the member's spouse, or the member's designated agent.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B" as follows:

(a) Class "A". Class "A" members shall be all Owners with the exception of the Class "B" members, if any.

Class "A" members who are Owners of a lot shall be entitled on all issues to one (1) vote for each lot in which they hold the interest required for membership by Section 1 hereof. When more than one person holds such interest in any lot, the vote for such lot shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the lot's vote shall be suspended in the event more than one person seeks to exercise it. Any Owner of lots which are leased may, in the lease or other written instrument, assign the voting right appurtenant to that lot to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.

(b) Class "B". Class "B" members shall be the Declarant and any successor of Declarant who takes title for the purposes of development and sale. The Class "B" members shall originally be entitled to one hundred ten (110) votes; this number shall be decreased by one (1) vote for each Class "A" vote existing at any one time. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

- (i) when the total outstanding Class "A" votes equal or exceed fifty-two (52);
- (ii) January 1, 2024; or
- (iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" members shall be deemed to be Class "A" members entitled to one (1) vote for each lot. At such time, the Declarant shall call a meeting as provided in the By-Laws for special meetings to advise the membership of the termination of Class "B" status.

ARTICLE III

Property Rights

Every Owner shall have a right and easement of enjoyment in and to any Common Area subject to any restrictions or limitations contained in any deed or amendment to this Declaration conveying to the Association or subjecting to this Declaration such property. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants, and social invitees subject to reasonable regulation by the Board and in accordance with procedures it may adopt.

ARTICLE IV

Restrictions, Exceptions, and Dedications

Section 1. The Subdivision Plat will dedicate for use as such, subject to the limitations set forth therein, the streets and easements shown thereon. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed by or on behalf of Declarant, conveying said property or any part thereof, whether specifically referred to therein or not.

Section 2. Declarant reserves the right to make changes in and additions to the easements for the purpose of most efficiently and economically installing the improvements.

Section 3. No residence shall be constructed to front on Shady Oaks Drive. No residence shall be located on any lot nearer to the front lot line than twenty-five (25) feet. No residence shall be located on any lot nearer to the back lot line than thirty-five (35) feet. No residence shall be located on any lot nearer to the side lot line than fifteen (15) feet. For purposes of this covenant, eaves, steps, and open porches shall not be considered part of the residence; provided, however, that this shall not be construed to permit any portion of the residence on any lot to encroach upon another lot. If two or more lots, or portions of two or more lots are consolidated into a building site, these setback requirements shall apply to the resulting building site as if it were one original platted lot.

Section 4. Declarant reserves the right, during installation or paving of streets as shown on the Subdivision plat, to enter

onto any lot or lots for the purpose of disposing of street excavation, including the removal of trees, if necessary, whether or not the lot or lots have been conveyed to and/or for any other owner or owners.

Section 5. Neither Declarant nor any utility company using the easements herein referred to, shall be liable for any damages done by them or their assigns, their agents, employees or servants, to fences, shrubbery, trees or flowers on any other property of the owner situated on the land covered by said easements.

ARTICLE V

Use Restrictions

Section 1. Land Use and Building Type

A. Residential Lots. No structure shall be erected, altered, placed or permitted to remain on any residential lot other than one (1) single-family dwelling with an attached garage or carport for not less than two (2) nor more than (4) cars; and no garages or carports shall face and open at less than a 90 degree angle to the front property line. Bona fide servants' quarters shall be permitted, which structures shall not exceed the main dwelling in height or number of stories, and such structures must be attached to the main dwelling. No lot shall be subdivided into a smaller lot. The elevation of a lot shall not be altered or elevated to a height which results in the drainage of water from said lot onto an adjoining lot.

B. Residential Nature of Improvements. No lot may be used for duplex houses, garage apartments, or apartment houses; and no lot shall be used for business or professional purposes of any kind, nor for any commercial or manufacturing purposes, except that a single-family residential unit may be constructed on any lot for the purpose of renting the same for residential occupancy only. No building of any kind or character shall ever be moved onto any lot within said subdivision, without written permission of Declarant.

Section 2. Architectural Control. No improvements of any kind or character whatsoever shall be erected or the erection thereof begun, or change made in the exterior design thereof after original construction, of any residential lot in the subdivision until the complete plans and specifications and plot plan showing the location of the structure have been approved by the Declarant or his agent in accordance with the following procedure:

A. Two (2) complete sets of plans and specifications shall be delivered to the Declarant. Such plans and specifications shall be

reviewed as to quality of design, workmanship and materials, harmony with exterior material, and design with existing and approved structures, and location with respect to topography and finish grade elevations. Such approval is to be based on the applicable requirements and restrictions set out herein.

B. If found to be in compliance with these restrictions, a letter of approval with any qualifications and modification will be prepared for the countersignature by the builder and/or owner. Such approval shall be dated and shall not be effective for construction commenced more than six (6) months after such approval.

C. If found not to be in compliance with these restrictions, one set of such plans and specifications shall be returned marked, "Disapproved". Disapproved plans and specifications shall be accompanied by a reasonable statement of items found not to comply with these restrictions.

D. If no action is taken on plans and specifications within fifteen (15) days after their delivery to the Declarant, they shall be deemed approved on the 15th day after such delivery.

E. The Declarant may require payment of a cash fee, not to exceed \$100.00 to partially compensate for the expense of reviewing plans and specifications, at the time they are submitted for review.

F. This covenant of approval of plans and specifications of any dwelling to be erected shall be a covenant running with the land but shall cease and terminate thirty (30) years from the date hereof, unless Declarant has filed an instrument for record in ~~Dallas~~ ^{Coll. Co.} County, Texas, continuing said covenant for such additional time as Declarant may deem necessary.

Section 3. Dwelling Size. The total living area of the main residential structure on any lot, exclusive of open porches, breezeways and garages, shall not be less than 1,300 square feet. In the case of a two-story, the first story shall not be less than 1,000 square feet.

Section 4. Type of Construction and Materials.

A. No residence shall have less than 75 percent masonry veneer construction or its equivalent, exclusive of openings, on its exterior wall area, unless approved in writing by Declarant. "Masonry Veneer Construction" as used herein shall mean only brick or stone.

B. No window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any building in any part of the properties without written approval of the

Declarant.

C. Roofs shall be of improved shingle, colored metal or other material approved by Declarant.

D. All residences shall be constructed on site upon a concrete slab foundation.

Section 5. Annoyance or Nuisances. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may become an annoyance to the neighborhood. The display or shooting of firearms, fireworks, or firecrackers is expressly forbidden.

Section 6. Temporary Structures. No structure of temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any lot at any time as a residence, or for any other purpose, either temporarily or permanently; provided, however, that Declarant reserves the exclusive right to erect, place and maintain such facilities in or upon any portions of the properties as in its sole discretion may be necessary or convenient while selling lots; selling or constructing residences and constructing other improvements upon the properties. Such facilities may include, but not necessarily be portable toilet facilities. The Declarant may use a residence as a temporary sales office. No garages, servants' quarters or other permitted accessory structure shall be erected, placed or maintained on any lot until construction of the main residential dwelling has commenced. Any structure on which construction has commenced must be completed within one year from the date that construction commenced. No inoperative automobiles, vehicles of any kind, or portable buildings are to be permanently or semi-permanently stored in the public street right-of-way or on driveways. Permanent and semi-permanent storage of such items and vehicles must be screened or concealed (subject to all required approvals as to architectural control) from view of neighborhood property, pathways, or streets. Storage and portable buildings shall not be visible above the fence line.

Section 7. Signs and Billboards. No signs, billboards, posters, or advertising devices of any character shall be erected, permitted or maintained on any lot other than one sign for sale purposes that would not exceed six square feet of area. The right is reserved by Declarant to construct and maintain such signs, billboards or advertising devices as might be deemed necessary for the purpose of promoting the sale of lots.

Section 8. Oil and Mining Operations. No oil drilling or development operation, soil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot nor shall oil wells, tanks, tunnels, or other structure designed for use in boring for oil or natural gas be erected, maintained or

permitted upon any lot.

Section 9. Storage and Disposal of Garbage and Refuse. No garbage or trash shall be placed on the exterior of any building, except in sanitary containers constructed of metal or plastic materials with sanitary covers, and same shall be screened from public view. The placement, maintenance and appearance of all such containers shall be subject to reasonable rules and regulations of the Declarant.

If it is necessary to place garbage or trash on or near the street for collection, then such placement will take place during daylight hours and empty containers will be removed as soon as reasonably possible and in no case shall they remain in the front of a residence after dark.

No open fires or burning of trash, refuse or any other materials shall be permitted on any lot under any circumstances. The foregoing does not preclude the use, in customary fashion, of outdoor residential barbecues or grills.

Section 10. Walls and Fences. No walls or fences shall be erected or maintained nearer to the front of any lot than the front of the residence situated thereon. The height of all walls and fences on any lot shall not exceed six feet. All walls and fences must be approved by Declarant and must be 4" natural, unpainted wood pickets. Declarant may approve the installation of chain link fences to enclose swimming pools located anywhere on a lot provided the fence is not visible from the street.

Any wall, fence or hedge erected as a protective screening on a lot by Declarant shall pass ownership with title to the property and it shall be the owner's responsibility to maintain said protective screening thereafter. In the event of default on the part of the owner or occupant of any lot in maintaining said protective screening and such failure continuing after ten (10) days written notice thereof, Declarant may at its option, without liability to the owner or occupant in trespass or otherwise, enter upon said lot and cause said protective screening to be repaired or maintained or to do any other thing necessary to secure compliance with these restrictions, so as to place said protective screening in a condition and may charge owner or occupant of such lot for the cost of such work. The owner or occupant, as the case may be, agrees by the purchase or occupancy of the property to pay such statement immediately upon receipt thereof.

Section 11. Unlicensed Motor Vehicles. No boat, trailer, mobile home, camper, boat trailer or similar wheeled vehicle shall be stored (except temporarily, not to exceed 36 hours) nearer to the street than the front of the residence situated thereon. No house trailer, mobile home, camper, boat trailer or similar wheeled vehicle shall be stored or parked on any lot except in a closed

garage or within the fenced, walled or enclosed portion of such lot, and any such fence, wall or other enclosure shall be subject to approval by the Declarant.

Section 12. Septic Tanks. No individual sewage disposal system shall be permitted on any lot unless the system is designed, located and constructed in accordance with the requirements, standards and recommendations of the Callahan County public health authority. Approval of the system as installed shall be obtained from that authority.

Section 13. Pets. No horses, cows, hogs, poultry, or livestock of any kind shall be raised, bred, staked, pastured or kept on any lot, except that not more than a total of five (5) dogs, cats or household pets may be kept, provided they are not kept or bred for any commercial purposes. Should such pets become a nuisance, in the opinion of the Declarant, they must be removed from the premises and subdivision. No pets of any kind or character shall be allowed to run at large in the addition, but shall be kept on the owner's premises and enclosed within a fence thereon.

Section 14. Mailboxes. Mailboxes shall be constructed of brick, stone or other material and design to match the residence as approved by Declarant. The height shall be 4'6" and the diameter shall be 2'2".

Section 15. Driveways. All driveways shall be entirely of concrete (except however, some other material may be used with the prior written consent of Declarant) and shall be paved before any residence may be occupied. Driveways shall be constructed over a twelve inch pipe placed in the drainage easement located at the front of the lot.

Section 16. Landscaping. Each lot upon which a single family dwelling is constructed shall have landscaping, including, but not limited to, shrubs, flowers, trees, ground cover and grass, of a sufficient quality, quantity and design to be compatible with landscaping on adjoining lots and the neighborhood setting intended for the Subdivision. Lot Owners shall use reasonable efforts to preserve, keep and maintain the landscaping in a healthy and attractive condition.

Section 17. General.

A. No exterior television, radio, or other antenna including satellite dishes of any type shall be placed, allowed, or maintained upon any lot without prior written approval and authorization of the Declarant.

B. On street parking is restricted to approved deliveries, pickups or short time guests and invitees and shall be subject to

such reasonable rules and regulations as shall be adopted by Declarant.

C. The drying of clothes in public view is prohibited.

ARTICLE VI

Maintenance

Section 1. Common Area Maintenance. The Association shall maintain and keep in good repair the Common Area. Such maintenance shall be funded, as hereinafter set forth, provided however, any sidewalk which may be a part of the Common Area, if not dedicated to public maintenance, shall be maintained by the Association. This maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon the Common Area.

Section 2. Easements for Common Area Maintenance. Perpetual non-exclusive easements for ingress and egress over, under, across, in and upon the Properties are hereby declared, created and reserved by the Declarant for the benefit and use of the Association, its successors and assigns, agents and employees, to provide reasonable access to the Common Area and to enter upon the Properties for the purposes of performing the Common Area maintenance required under Section 1 hereof.

Section 3. Owner's Maintenance. Each owner and occupant, including lessees, shall at all times be obligated to maintain, repair, replace and renew or cause to be maintained, repaired, replaced or renewed all Improvements on a Tract or Lot so owned or occupied, (and the area between the boundary lines of adjacent property and adjacent streets if such area is not otherwise maintained), so as to keep same in a clean, sightly, safe and first-class condition consistent with its original intended appearance. Unless expressly assumed by a Residential or Commercial Association, an Owner's maintenance obligation shall include, but not be limited to; the maintenance of all visible exterior surfaces of all buildings and other Improvements; the prompt removal of all paper, debris, refuse; the removal and replacement of dead and diseased trees and plantings from all areas of its property and all snow and ice from paved area; the repair, replacement, cleaning and relamping of all signs and lighting fixtures; the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from streets and storm drains and inlets.

If any Improvement is damaged or destroyed, the Owner shall diligently proceed to restore such Improvement to the condition existing prior to such damage or destruction or, in the alternative, raze and remove such Improvement and landscape the property pursuant to a Landscaping Plan approved by the Declarant.

Section 4. Enforcement. If, in the opinion of the Association, any such Owner, occupant, or Residential Association has failed in any of the foregoing duties or responsibilities, then the Association shall give such person, by certified mail, return receipt requested, written notice of such failure. Such person shall within ten (10) days after receiving such notice commence to undertake the care and maintenance required, and shall complete said care and maintenance within forty-five (45) days after receiving such notice. Should such person fail to fulfill this duty and responsibility after such notice, the Association shall have the right and power to enter into the premises and perform such care and maintenance without any liability for wrongful entry, trespass or otherwise to any person. The Owners shall be liable for the cost of such work. If such Owner shall fail to reimburse the Association within thirty (30) days after receipt of a statement for such work, then the amount of such charge shall constitute a lien on the lot on which the work was performed. Such lien shall be enforceable as any other assessment lien as provided in this Declaration.

ARTICLE VII

Rights and Obligations of the Association

Section 1. The Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all Improvements thereon (including furnishings and equipment related thereto), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof.

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the herein described real property conveyed to it by the Declarant. All property conveyed to the Association as Common Area shall be free of all liens and other similar encumbrances. Notwithstanding anything contained in this Declaration to the contrary, Declarant, and the Association upon its succeeding to Declarant's rights, shall have the right, power

and authority to dedicate to any public or quasi-public authority water lines, sanitary sewer systems, storm water facilities, streets and esplanades situated in the Common Area and to terminate or modify these restrictive covenants with respect to such dedicated property. Such dedication and acceptance thereof shall not prohibit the Association from maintaining the land and facilities located within dedicated areas, nor relieve the Owners of the obligation to participate in the payment of the cost of such maintenance.

Section 3. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines which shall constitute a lien upon the Owner's lot, and suspension of the right to vote and the right to use the Common Area. In addition, the Board shall have the power to seek relief in any court for violations or to abate unreasonable disturbances. Imposition of sanctions shall be as provided in the By-Laws.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or by the By-Laws, and every other right or privilege reasonable to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE VIII

Assessments

Section 1. Creation of General Assessment. There are hereby created assessments for Common Expenses as may be from time-to-time specifically authorized by the Board of Directors. Except as hereinafter provided, the General Assessment shall be allocated equally among all lots within the Association, and shall be for expenses determined by the Board to be for the benefit of the Association as a whole. Each Owner, by acceptance of a deed, is deemed to covenant and agrees to pay these assessments. All assessments created by this Declaration, together with interest at the rate of ten percent (10%) per annum, costs, and reasonable attorney's fees for collection of the same, shall be a charge on the land and shall be a continuing lien upon the lot against which each assessment is made.

Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such lot at the time the

assessment arose, and such Owner's grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a lot pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, prepayment requirement or acceleration of the annual assessment for all Owners or delinquents. Unless the Board otherwise provides, the assessments shall be paid in monthly installments.

The Association is specifically authorized and encouraged to seek public and private funds to help defray in whole or in part the expenses for which assessments would be necessary. To the extent received, such funds shall be used to reduce the assessments otherwise required by the budget in Section 2 hereafter.

Section 2. Computation of Assessment. If the Association incurs ongoing Common Expenses, the Board shall prepare an annual budget and the following provisions shall apply:

It shall be the duty of the Board at least thirty (30) days prior to the meeting at which the budget shall be presented to the membership to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund, in accordance with a capital budget separately prepared, and shall separately list expenses, if any. The Board shall cause a copy of the budget, and the amount of the assessments to be levied against each lot for the following year, to be delivered to each Owner at least fifteen (15) days prior to the meeting. The budget and the assessments shall become effective unless disapproved at the meeting by a vote of at least a majority of the total Association membership.

Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget, or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year. Further, unless approved by the vote of at least a majority of the total Association membership, the assessments set by the Board of Directors shall not exceed fifteen percent (15%) of the preceding year's budget, excluding the capital contributions to the reserve fund.

Section 3. Special Assessments. In addition to the assessments authorized in Section 1, the Association may levy a Special Assessment in any year.

Section 4. Lien for Assessments. All assessments shall constitute a lien on each lot, prior and superior to all other liens, except (1) all taxes, bonds and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value. Each Owner by acceptance of a deed to any portion of the Properties covenants and agrees that the lien for assessments shall be construed as an improvement lien on each such lot.

The lien may be enforced by all methods provided by law, including but not limited to, judicial foreclosure by an action brought in the name of the Association in the same manner as a foreclosure of a Mortgage or deed of trust lien on real property. The Association, acting on behalf of the Owners, shall have the power to bid for the lot at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. During the period such property is owned by the Association following foreclosure: (1) no right to vote shall be exercised on its behalf; (2) no assessment shall be assessed or levied on it; and (3) each lot shall be charged, in addition to its usual assessment, its equal pro-rata share of the assessment that would have been charged such lot had it not been acquired by the Association as a result of foreclosure.

Suit to recover a money judgment of unpaid common expenses, rent and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 5. Capital Budget and Contribution. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessment, as provided in Section 2 of this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

Section 6. Commencement Date of Assessments. The first General Assessment provided for herein for each member shall commence one hundred twenty days following the date of the purchase of the lot by said member. Neighborhood and Tract Assessments provided for herein shall commence at a time determined by the Board.

Section 7. Common Area Exempt. All Common Area as defined in Article I, Section 4, and all portions of the Property owned or otherwise dedicated to any political subdivision, shall be exempt from the assessments and lien created herein.

ARTICLE IX

General Provisions

Section 1. Term. These covenants shall run with the land and shall be binding upon all parties and all parties and persons claiming under them for a period of thirty (30) years from the date these covenants are recorded, and shall automatically be extended for successive ten (10) year periods unless they are revoked, by filing for record in the office of the County Clerk of Callahan County, Texas, a written statement of election to terminate these restrictions, executed and acknowledged by the owners of sixty percent (60%) of the lots in the subdivision. Upon any violation or attempt to violate any of the covenants herein, it shall be lawful for the Declarant or any other lot owner to prosecute the proceedings at law or in equity against the person or persons violating or attempting to violate such covenants and either to prevent him or them from doing so or to recover damages or other dues for such violations. But, no such violation, nor any proceeding to abate same or to enforce these restrictions shall, in any way, affect or impair any bona fide mortgage or lien on any such property. The Declarant reserves the right to enforce these restrictions, or to make any changes that it deems necessary.

Section 2. Severability. Invalidation of any of these covenants by judgment or further court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

EXECUTED this 7th day of July, 1999.

Derrick Long
Derrick Long

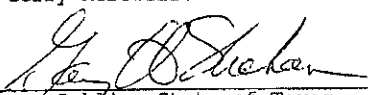
Gerry McDowell
Gerry McDowell

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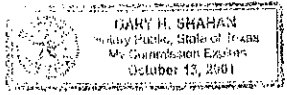
(Acknowledgment)

THE STATE OF TEXAS §
COUNTY OF TAYLOR §

This instrument was acknowledged before me on the 7th day of July, 1999, by Derrick Long and Gerry McDowell.


Notary Public, State of Texas
Notary's name (printed):

Notary's commission expires:



ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF CALLAHAN §

This instrument was acknowledged before me on July 7, 1999, by
Bridget McDowell

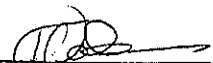

Notary Public, State of Texas

EXHIBIT "A"

PROPERTY:

Being 48.57 acres (recorded as 50 acres in Volume 172, page 583) out of the southeast 1/4 of Section 80, BBB&C RR Company Surveys Callahan County, Texas and being more particularly described as follows:

Beginning at the Southeast corner of said Section 80 in a county road, 2' south and 26' east of an existing 2" pipe post on the WBL of said county road;
THENCE N 89 deg. 48' 30" W 1267.1 feet to the southwest corner of this tract, 5.2' south of an existing "X" tie corner post;
THENCE N 0 deg. 06' E 1666.7 feet along the general line of a fence to a 3/8" rebar found at the northwest corner of this tract;
THENCE N 89 deg. 55' 30" E at 1242.1 feet past a 3/8" rebar found on the WBL of said county road and continuing on for a total distance of 1267.1 feet to the northeast corner in said county road;
THENCE S 0 deg. 06' W 1672.6 feet to the place of beginning and containing 48.57 acres of which 0.98 acre lies within said road leaving 47.59 acres NET.

43.00pd
Derry M. Howell
3542 CR 268
Baird, Tx. 79504

FILED FOR RECORD
07-07-1999 P04:30

STATE OF TEXAS 99 1903
COUNTY OF CALLAHAN
I hereby certify that this instrument was FILED FOR RECORD on the date and at the time stamped herein by me and was duly RECORDED in the Volume and Page of the Official Public Records of Callahan County, Texas.

Jeanie Bohannon
COUNTY CLERK, CALLAHAN COUNTY, TEXAS
BY R.H. DEPUTY



Jeanie Bohannon
County Clerk, Callahan County, Texas
VOL. 85 PAGE 26-43
RECORDED 7-15-1999

2736

AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF CALLAHAN §

That the Declaration of Covenants, Conditions and Restrictions, which is recorded in Volume 85, Page 26, of the Official Public Records of Callahan County, Texas, (reference to which instrument is here made for all purposes) is hereby amended as follows:

ARTICLE V, Section 3 is amended to read as follows:

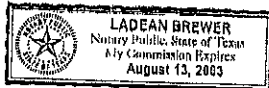
Section 3. Dwelling Size. The total living area of the main residential structure on any lot, exclusive of open porches, breezeways and garages, shall not be less than 1,600 square feet. In the case of a two-story, the first story shall not be less than 1,000 square feet.

Executed this 20th day of October, 2000.

Derrick Long
Derrick Long
Gerry McDowell
Gerry McDowell
Bridget McDowell
Bridget McDowell, by and through my attorney in fact, Gerry McDowell

STATE OF TEXAS §
COUNTY OF CALLAHAN §

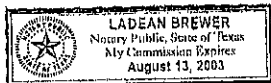
This instrument was acknowledged before me on the 20th day of October, 2000, by Derrick Long.



Ladean Brewer
Notary Public, State of Texas
Printed Name:
My Commission Expires:

STATE OF TEXAS §
COUNTY OF CALLAHAN §

This instrument was acknowledged before me on the 20th day of October, 2000, by Gerry McDowell, individually and in the capacity therein stated.



Ladean Brewer
Notary Public, State of Texas
Printed Name:
My Commission Expires:

9.00 pd / Derrick Long
Country Club Estates
3543 C.R. 268 West
Baird, Tex. 79504

FILED FOR RECORD

10-23-2000 A10:09

Jeanie Bohannon
COUNTY CLERK, CALLAHAN COUNTY, TEXAS
BY JB DEPUTY

STATE OF TEXAS 2736
COUNTY OF CALLAHAN
I hereby certify that this instrument was FILED FOR RECORD on the date and at the time stamped herein by me and was duly RECORDED in the Volume and Page of the Official Public Records of Callahan County, Texas.



Jeanie Bohannon
County Clerk, Callahan County, Texas
VOL 100 PAGE 322
RECORDED 10-24-2000